

TAE'S MESSAGE IS SENT TO CONGRESS

Currency Reform, Waterways, Creation of Body to Deal With Interstate Commerce and Other Topics Handled.

Government Expenditures and Revenues a Most Important Question—Relations With Other Nations, Nicaragua Excepted, Are Declared To Be Generally Satisfactory.

Washington, Dec. 7.—The president today transmitted to congress a message substantially as follows:

To the Senate and House of Representatives:

The relations of the United States with all foreign governments have continued upon the normal basis of amity and good understanding, and are very generally satisfactory.

Europe.

Pursuant to the provisions of the general treaty of arbitration concluded between the United States and Great Britain, April 4, 1908, a special agreement was entered into between the two countries on January 27, 1909, for the submission of questions relating to the fisheries on the North Atlantic coast to a tribunal to be formed from members of the permanent court of arbitration at The Hague.

In accordance with the provisions of the special agreement the printed case of each government was, on October 4 last, submitted to the tribunal, and the arbitral tribunal at The Hague, and the counter case of the United States is now in course of preparation.

The American rights under the fisheries article of the treaty of 1818 have been a cause of difference between the United States and Great Britain for nearly 70 years. The interest involved, and the great importance to the American fishing industry, and the final settlement of the controversy will remove a source of constant irritation and complaint.

The president tells of the sending of a commission to investigate the interests of the United States and its citizens in Liberia, the commission's report now being under examination by the department of state.

He also notes the invitation extended by the Norwegian government to take part in an international conference next year to devise means to remedy existing conditions in the Spitzbergen islands, and of its acceptance under certain reservations. Mention is made of several international conferences, and then the president urges that provision be made for American participation in the world's fair at Brussels next year. The questions arising out of the Belgian annexation of the Congo Free State, he says, are in a more hopeful stage.

Latin America.

The message speaks with enthusiasm of the settlement of the boundary dispute between Bolivia and Peru, and of the fourth Pan-American conference, to be held in Buenos Aires next July. Mention is made of the Argentine republic's great international agricultural exhibition, which is to open in May, 1910, and the president continues:

To-day, more than ever before, American capital is seeking investment in foreign countries and American products are more and more generally seeking foreign markets. As a consequence, in all countries there are American citizens and American interests to be protected, on occasion, by the government. The movements of men, of capital, and of commodities bring peoples and governments closer together and so form bonds of peace and friendship, as they must also naturally sometimes make passing points of friction. The resultant situation inevitably imposes upon this government various responsibilities and duties. This administration, through the department of state and the foreign service, is lending all proper support to legitimate and beneficial American enterprises in foreign countries, the degree of such support being measured by the national advantages to be expected. A citizen himself cannot, by contract or otherwise, divest himself of the right, nor can this government escape the obligation of his protection in his personal and property rights when engaged in legitimate enterprises in a foreign country. To avoid needless vexations it is proper that in considering whether American enterprises should be encouraged or supported by particular action of the government, should give full weight not only to the national, as opposed to the individual benefits to accrue, but also to the question of whether the government of the country in question is in its administration and in its diplomacy faithful to the principles of moderation, equity and justice upon which alone depend international credit, in diplomacy as well as in finance.

The Pan-American policy of this government has long been fixed in its principles and remains unchanged. With the changed circumstances of the United States and of the republics to the south of us, most of which have great natural resources, stable governments, and progressive ideas, the apprehension which gave rise to the Monroe doctrine may be said to have nearly disappeared and neither the doctrine nor the policy should be permitted to operate for the perpetuation of irresponsible government, the escape of justice, or the perpetuation of the domination of ambitious nations on the part of the United States.

Beside the fundamental doctrine of our Pan-American policy there have grown up a realization of political interests, a community of institutions and ideals and a flourishing commerce. All these bonds will be greatly strengthened as time goes on and increased facilities, such as the great bank soon to be established in Latin America, supply the means for building up the colossal intercontinental commerce of the future.

A meeting with President Diaz and the greeting exchanged on both American and Mexican soil served, I hope, to signalize the close and cordial relations which so well bind together this republic and the great republic immediately to the south, between which there is so vast a network of material interests.

I am happy to say that all but one of

the cases which for so long vexed our relations with Venezuela have been settled under the enlightened regime now directing the government of Venezuela, provision has been made for arbitration of the remaining case before The Hague tribunal.

On July 30, 1909, the government of Panama agreed, after considerable negotiation, to the settlement of the claims of American officers and sailors who were brutally treated, one of them having, indeed, been killed by the Panama police this year.

The sincere desire of the government of Panama to do away with a situation where such an accident could occur is manifest in the recent request in which the government of Panama has asked that the services of an officer of the army be employed by the government of Panama as a instructor of police.

This government was obliged to intervene diplomatically to bring about arbitration or settlement of the claim of the Enery Company against the government of Panama. The Enery Company, which it had long before been agreed should be arbitrated. A settlement of this troublesome case was reached by the signature of a protocol on September 15, 1909.

Many years ago diplomatic intervention became necessary to the protection of the interests in the American claim of Alopec. The government of Chile had frequently admitted obligation in the case and had promised this government to settle it. It was, however, through the intervention of the United States and of Chile, actuated by the sincere desire to free from any strain those cordial and friendly relations upon which both countries are so much dependent, that the case was brought to a final settlement by the arbitration of the Enery Company.

Since the Washington conventions of 1892 were promulgated, the government of the United States as a consulting and advisory party, this government has been almost continuously called upon by the government of the United States to exert itself for the maintenance of the conventions. Nearly every complaint has been made by the government of the United States, which has kept Central America in constant tension and turmoil.

The responses made to the representations of the government of the United States due from the United States on account of its relation to the Washington conventions have been at all times conservative and have avoided, far as possible, any semblance of interference, although it is very apparent that the considerations of geographical proximity to the Canal Zone and of the very substantial American interests in Central America give to the United States a special position in the zone of these republics and the Caribbean sea.

I do not rehearse here the patient efforts of this government to promote peace and welfare among these republics, efforts which are fully appreciated by the people of the United States and by their true interests. It would be no less unnecessary to rehearse here the sad tale of unpeppable barbarities and oppression which have been committed by the Zelaya government. Recently two Americans were put to death by order of President Zelaya himself. They were officers of the United States army, and the revolution which had continued many weeks and was in control of about half of the republic, and as such, according to the principles of international law, they were entitled to be dealt with as prisoners of war.

At the date when this message is printed, the relations between the United States and the Zelaya government, for reasons made public in a communication to the former Nicaraguan charge d'affaires, are intended to take such future steps as may be found most consistent with its dignity, its duty to American interests and its moral obligations to Central America and to civilization.

The Far East.

In the far east this government preserves unchanged its policy of supporting the principle of equality of opportunity and of equal respect for the integrity of the Chinese empire, to which policy are pledged the interested powers of both east and west.

Mention is made of the sending of students to America by the Chinese government, of China's progress toward the eradication of the opium evil, and of this government's continued cordial relations with the Japanese empire.

The Department of State.

Favorable action by congress on the estimates submitted by the department of state is urged, especially legislation for the development and reorganization of the department to make it efficient in furthering our foreign trade. Improvement in the consular service is noted. Mr. Taft says: Under the provision of the act of August 5, 1909, I have appointed three officials to assist the officers of the government in collecting information necessary to a wise administration of the act of August 5, 1909. A number of questions of customs administration they are cooperating with the officials of the treasury department and as to the duties of the needs and the exigencies of our manufacturers and exporters, with the department of commerce and labor, in its relation to the domestic aspects of the subject of foreign commerce. In the study of foreign tariff treatment they will assist the bureau of trade relations of the department of state. It is hoped thus to co-ordinate and bring to bear upon this most important subject all the agencies of the government which can contribute anything to its efficient handling.

As a consequence of Section 2 of the tariff act of August 5, 1909, it becomes the duty of the secretary of the treasury to conduct the negotiations with the United States, but that the discriminations found shall be undue; that is, without good and fair reason. I conceive

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Government Expenditures and Revenues.

Perhaps the most important question presented to this administration is that of the expenditures and revenues of the government. The deficit of the last fiscal year, and the certain deficit of the current year, prompted congress to throw greater responsibility on the executive and the secretary of the treasury than had heretofore been declared by statute. This declaration imposed upon the secretary of the treasury the duty of assembling all the estimates of the executive departments, bureaus, and offices, of the expenditures and revenues of the government for the year, and of making an estimate of the revenues of the government for the same period, and if a probable surplus or deficit should be shown, to report the same to congress.

The report of the secretary shows that the ordinary expenditures for the current fiscal year ending June 30, 1910, will exceed the estimated receipts by \$24,075,620. If to this deficit is added the sum to be paid on the Panama Canal, amounting to \$28,000,000, and \$1,000,000 to be paid on the public debt, the deficit of ordinary receipts and expenditures will be increased to a total deficit of \$53,075,620. This deficit the secretary proposes to meet by the proceeds of bonds issued to pay the cost of constructing the Panama Canal. I approve this proposal.

The policy of paying for the construction of the Panama Canal, not out of current revenues, but out of bonds, was adopted in the Spooner act of 1899, and there seems to be no good reason for departing from the principle which has been followed in the construction of the canal. The burden of the cost of the canal shall fall upon our posterity who are to enjoy it; and there is all the more reason for this, since the canal is now half done, and which will be completed January 1, 1915, shows that the cost of engineering and construction will be \$297,554,000, of which \$137,905,290 is originally estimated. In addition to engineering and construction, the other expenses, including sanitation and government, and the cost of the land for the properties, the franchise, and the privilege of building the canal, increase the cost to \$454,454,000, to a total of \$752,454,000. The treasury department has estimated that the cost of engineering and construction is due to a substantial enlargement of the plan of construction by widening the canal and by the necessity of increasing the dimensions of the locks, to the underestimation of the quantity of the work to be done under the original plan, and by the necessity of increasing the cost of labor and materials, both of which have greatly enhanced in price since the original estimate was made.

In order to avoid a deficit in the ensuing fiscal year, I directed the heads of departments in the preparation of their estimates to make them as low as possible consistent with the necessities of the government. The result has been, as I am advised by the secretary of the treasury, that the estimates for the expenses of the government for the fiscal year ending June 30, 1911, are less than the appropriations for this current fiscal year by \$42,818,000. So far as the secretary is concerned, this is a judgment as to future income and compare it with the expenditures for the next fiscal year ending June 30, 1911, and the result is a surplus of \$42,818,000.

The secretary of the treasury has needs of the departments and of the government have been cut to the quick, so to speak, and any assumption on the part of congress, to offset the deficit in the ensuing fiscal year, which has been prepared with the expectation that they may be reduced, will result in seriously hampering proper administration.

To reduce the cost of permanent administration, says the president, a thorough reorganization of bureaus, offices and departments would be necessary. An expert accountant has been making an investigation into this matter and the result of his work shows opportunity for both substantial reductions in cost and increase of efficiency.

Frauds in the Collection of Customs.

I regret to refer to the fact of the discovery of extensive frauds in the collection of the customs revenue at New York City, in which a number of our subordinates employed in the weighing and other departments were directly concerned, and in which the beneficiaries were the American Sugar Refining Company and others. The frauds consisted in the payment of duty on undervalued sugar. The government has recovered from the American Sugar Refining Company all that it is shown to have been defrauded of. The sum was received in full of the amount due, which might have been recovered by civil suit against the company, but it is better to have an express recovery in the contract of settlement by which the settlement should not interfere with, or prevent the criminal prosecution of anyone who was found to be subject to the same.

Criminal prosecutions are now proceeding against a number of the government subordinates who were found to be guilty of the frauds. The department of justice is exerting every effort to discover all the wrongdoers, including the officers and employees of the companies who were found to be guilty of the fraud. It would seem to me that an investigation of the frauds by congress at present, pending the probing by the treasury department and